Governor Riley's Legislation – Special Session 2004

Synopsis: SEHIP Retired Employees

This bill requires state retirees to make health insurance contributions based on years of service and requires retirees employed by another employer with other insurance coverage to take the other coverage.

Retiree Contribution Based on Years of Service – Currently, all state employees retiring after 10 years of service receive the same health insurance benefits. This bill saves money for SEHIP and encourages employees to work longer by requiring employees to work 25 years before receiving full benefits. For employees retiring after September 30, 2005, the "employer contribution" for retirees will increase by 2 percent for each year of service above 25 years and decrease by 2 percent for each year of service under 25 years.

EXAMPLE: A state employee retires after 20 years of service and pays a Non-Medicare Family Premium.

	Years of Service	State Contribution Percentage	State Contribution	Retiree Share
Current Law:	20	100%	$673.97	$302.00
Under this Bill:	20	90%	$606.57	$369.40

Retiree Other Coverage Carve-Out – Current state law allows retirees to be covered under multiple health plans simultaneously. This bill requires an employee who retires after September 30, 2005 and is employed by another employer to use the other employer's health plan. These retirees may purchase a supplemental coverage through SEHIP to cover their out-of-pocket expenses. Accordingly, the cost the state and retiree will be less. Other employers cannot deny coverage to retirees because they are eligible to participate in SEHIP.